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**LOUISIANA RECREATIONAL AND USED  
MOTOR VEHICLE COMMISSION  
OFFICE OF THE GOVERNOR**

**BASIC FINANCIAL STATEMENTS  
WITH SUPPLEMENTAL INFORMATION SCHEDULES**

**AS OF AND FOR THE YEAR ENDED JUNE 30, 2006**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 9/20/06

**LOUISIANA RECREATIONAL AND USED  
MOTOR VEHICLE COMMISSION  
OFFICE OF THE GOVERNOR  
BASIC FINANCIAL STATEMENTS  
WITH SUPPLEMENTAL INFORMATION SCHEDULES  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2006**

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## **BASIC FINANCIAL STATEMENTS**

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.....  
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*Louisiana Society of Certified Public Accountants  
American Institute of Certified Public Accountants  
Association of Governmental Accountants*

## INDEPENDENT AUDITORS' REPORT

August 24, 2006

To the Commission Members of the  
Louisiana Recreational and Used Motor Vehicle Commission  
3132 Valley Creek Drive  
Baton Rouge, Louisiana 70808-3146

We have audited the accompanying business-type activities of the Louisiana Recreational and Used Motor Vehicle Commission as of and for the year ended June 30, 2006, as listed in the table of contents, which comprise the Commission's basic financial statements. These financial statements are the responsibility of the Louisiana Recreational and Used Motor Vehicle Commission's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

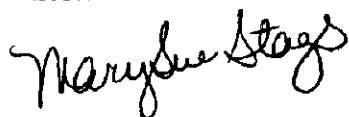
In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana Recreational and Used Motor Vehicle Commission as of June 30, 2006, and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

To the Commission Members of the  
Louisiana Recreational and Used Motor Vehicle Commission  
August 24, 2006  
Page Two

The required supplemental information, as listed in the table of contents, is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Commission. This required supplemental information is the responsibility of the Louisiana Recreational and Used Motor Vehicle Commission's management. It has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects when considered in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 24, 2006, on our consideration of the Louisiana Recreational and Used Motor Vehicle Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

The accompanying supplemental information listed in the table of contents under Supplemental Schedules and Information and Other Required Supplementary Information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Mary Sue Stages". The signature is written in dark ink and is positioned above the printed name.

Mary Sue Stages, CPA, LLC

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**REQUIRED SUPPLEMENTAL INFORMATION**  
**(PART 1 OF 2)**

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**LOUISIANA RECREATIONAL AND USED MOTOR VEHICLE COMMISSION  
OFFICE OF THE GOVERNOR  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2006**

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The purpose of this section is to offer a narrative overview and analysis of the Louisiana Recreational and Used Motor Vehicle Commission's (hereafter referred to as the Commission) financial performance during the year ended June 30, 2006. This document focuses on the current year activities, resulting changes and currently known facts. It should be read in conjunction with the financial report taken as a whole.

**Highlights of the Commission**

Past year accomplishments of the Commission include:

- Purchased two new vehicles to replace two older vehicles with high mileage
- Updated our fax machine with a new one that has network capabilities
- Purchased a new shredder to comply with privacy laws
- Helped facilitate travel trailer sales after Hurricanes Katrina and Rita

**Overview of the Financial Statement Presentation**

These financial statements are comprised of these components – (1) management's discussion and analysis, (2) basic financial statements, (3) notes to the financial statements and (4) required supplemental information. There is also other supplemental schedules and information contained in this report provided for additional information.

**Basic Financial Statements.** The basic financial statements present information for the Commission as a whole. Statements in this section include the following:

*Statement of Net Assets.* This statement presents information on all of the Commission's assets and liabilities with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Commission is improving or not.

*Statement of Revenues, Expenses and Changes in Fund Net Assets.* This statement presents information showing how the Commission's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. This statement is designed to show the Commission's financial reliance on general revenues.

*Statement of Cash Flows.* The change in cash as a result of current year operations is depicted in this statement. The cash flow statement includes a reconciliation of operating income (loss) to the net cash provided by or used for operating activities as required by GASB No. 34.

The basic financial statements can be found on pages 9-12 of this report.

**LOUISIANA RECREATIONAL AND USED MOTOR VEHICLE COMMISSION**  
**OFFICE OF THE GOVERNOR**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2006**

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**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

The index of the notes is found on page 14 with the actual notes beginning immediately afterwards.

**Required Supplemental Information.** As a component unit of the State of Louisiana, the Commission complies with the reporting requirements of the Division of Administration, Office of Statewide Reporting and Accounting. Included as other required supplemental information is the Louisiana Comprehensive Annual Financial Report completed with information relative to the Commission.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain other information that is deemed useful to readers of this report.

**Financial Analysis of the Commission**

Net assets are an indicator of the Commission's financial position from year to year. A summary of net assets follows.

**SUMMARY OF NET ASSETS**

	<u>2006</u>	<u>2005</u>
<b>Assets</b>		
Current assets	\$ 360,163.21	\$ 198,403.24
Non-current assets	<u>1,273,285.42</u>	<u>1,358,982.18</u>
Total Assets	1,633,448.63	1,557,385.42
<b>Liabilities</b>		
Current liabilities	69,506.71	42,088.91
Non-current liabilities	<u>85,946.91</u>	<u>79,120.22</u>
Total Liabilities	<u>155,453.62</u>	<u>121,209.13</u>
<b>Net Assets</b>		
Invested in capital assets, net of related debt	278,300.42	264,997.09
Unrestricted	<u>1,199,694.59</u>	<u>1,171,179.20</u>
Total Net Assets	<u>1,477,995.01</u>	<u>1,436,176.29</u>

Net assets of the Commission increased by \$41,818.72 or 3% from the prior year.



**LOUISIANA RECREATIONAL AND USED MOTOR VEHICLE COMMISSION  
OFFICE OF THE GOVERNOR  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2006**

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A summary of changes in net assets is as follows:

**SUMMARY OF CHANGES IN NET ASSETS**

	<u>2006</u>	<u>2005</u>
<b>Operating Revenues</b>	\$ 1,380,306.87	\$ 1,232,062.40
<b>Operating Expenses</b>	<u>(1,420,303.78)</u>	<u>(1,498,026.85)</u>
Operating Loss	(39,996.91)	(265,964.45)
<b>Non-operating Revenues (Expenses)</b>	<u>54,682.79</u>	<u>39,439.41</u>
Change in Net Assets	<u>14,685.88</u>	<u>(226,525.04)</u>

Revenues increased by \$148,244 or 12%. Following Hurricanes Katrina and Rita, there were a number of new licensees from out of state. Expenses decreased by \$77,723 or 5% of the prior year's expenses. This increase in revenues and decrease in expenditures provided for a positive change in net assets of \$14,686 in contrast to the decrease of \$226,525 in the prior year.

Cash flow activity of the Commission for the past two years is as follows:

**STATEMENT OF CASH FLOWS**

	<u>2006</u>	<u>2005</u>
Cash and cash equivalents provided by (used for):		
Operating activities	\$ (29,045.84)	\$ (251,143.76)
Non-capital financing activities	3,299.90	6,743.98
Capital and related financing activities	(27,716.00)	47,993.00
Investing activities	<u>149,836.21</u>	<u>428,695.43</u>
Net Increase in		
Cash and Cash Equivalents	96,374.27	136,302.65
Cash and cash equivalents, beginning of year	<u>164,712.90</u>	<u>28,410.25</u>
Cash and cash equivalents, end of year	<u>261,087.17</u>	<u>164,712.90</u>

**LOUISIANA RECREATIONAL AND USED MOTOR VEHICLE COMMISSION  
OFFICE OF THE GOVERNOR  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2006**

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**Budgetary Highlights**

Revenues were greater than anticipated by \$30,360 or 2%. Expenses were also 2% greater than anticipated or \$22,664. This resulted in an overall change in net assets of \$7,697 more than budgeted.

**Capital Asset and Debt Administration**

*Capital Assets:* The Commission's investment in capital assets, net of accumulated depreciation, at June 30, 2006 and 2005, was \$278,300 and \$264,997, respectively.

Capital assets at year-end are summarized as follows:

**CAPITAL ASSETS  
Net of Accumulated Depreciation**

**Non-depreciable Assets**

Land	\$ 50,000.00	\$ 50,000.00
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**Depreciable Assets**

Buildings	120,292.56	125,522.67
Parking lot	13,225.00	13,800.00
Autos and equipment	<u>94,782.86</u>	<u>75,674.42</u>

Total	<u>278,300.42</u>	<u>264,997.09</u>
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*Debt Administration:* Long-term debt of the Commission includes compensated absences at amounts of \$85,947 and \$79,120 at June 30, 2006 and 2005, respectively.

The Commission has no other long-term debt.

**Economic Environment and Next Year's Budget**

Next year's plans of the Commission are:

- We are considering purchasing a larger office building
- We plan to operate within our budget

**Request for Information**

This financial report is designed to provide a general overview of the Commission's finances, comply with finance-related laws and regulations and demonstrate the Commission's commitment to public accountability. Any questions or requests for additional information can be obtained by contacting Mr. John "Jack" Torrence, Executive Director, at 3132 Valley Creek Drive, Baton Rouge, Louisiana 70808, 225-925-3874.

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## **FUND FINANCIAL STATEMENTS**

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**LOUISIANA RECREATIONAL AND USED MOTOR VEHICLE COMMISSION**  
**OFFICE OF THE GOVERNOR**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2006**

	<u>Business-type Activities</u>
<b>ASSETS</b>	
Current Assets	
Cash and cash equivalents	\$ 261,087.17
Accounts receivable	96,809.32
Accrued interest receivable	2,266.72
Total Current Assets	<u>360,163.21</u>
Non-Current Assets	
Investments	994,985.00
Land	50,000.00
Building/parking lot	205,488.00
Auto and equipment	322,112.44
Accumulated depreciation	(299,300.02)
Total Non-Current Assets	<u>1,273,285.42</u>
Total Assets	1,633,448.63
<b>LIABILITIES</b>	
Current Liabilities	
Accounts payable	9,312.06
Bond claims payable	42,271.29
Accrued retirement payable	2,628.51
Accrued salaries payable	15,294.85
Total Current Liabilities	<u>69,506.71</u>
Non-Current Liabilities	
Compensated absences payable	85,946.91
Total Liabilities	<u>155,453.62</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	278,300.42
Unrestricted	1,199,694.59
Total Net Assets	<u><u>1,477,995.01</u></u>

The accompanying notes are an integral part of this financial statement.

**LOUISIANA RECREATIONAL AND USED MOTOR VEHICLE COMMISSION**  
**OFFICE OF THE GOVERNOR**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES**  
**IN FUND NET ASSETS**  
**YEAR ENDED JUNE 30, 2006**

	<u>Business-type Activities</u>
<u>OPERATING REVENUES</u>	
Licenses and other fees	\$ 1,286,760.87
Hearing costs and fines	90,978.82
Mailing lists/labels	<u>2,567.18</u>
Total Operating Revenues	1,380,306.87
<u>OPERATING EXPENSES</u>	
Salaries and related benefits	1,044,656.30
Meetings, conferences and travel	18,055.02
Professional services	116,950.22
Maintenance and repairs	35,546.34
General and administrative	163,550.30
Depreciation	<u>41,545.60</u>
Total Operating Expenses	<u>1,420,303.78</u>
Operating Loss	(39,996.91)
<u>NON-OPERATING REVENUES (EXPENSES)</u>	
Interest income	51,382.89
Other revenues	<u>3,299.90</u>
Total Non-Operating Revenues (Expenses)	<u>54,682.79</u>
Change in Net Assets	14,685.88
Total Net Assets, beginning	1,436,176.29
Adjustments to prior periods (Note 5)	<u>27,132.84</u>
Total Net Assets, ending	<u><u>1,477,995.01</u></u>

The accompanying notes are an integral part of this statement.

**LOUISIANA RECREATIONAL AND USED MOTOR VEHICLE COMMISSION  
OFFICE OF THE GOVERNOR  
STATEMENT OF CASHFLOWS  
YEAR END JUNE 30, 2006**

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	<u>Business-type Activities</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers	\$ 1,315,467.85
Cash paid to suppliers for goods/services	(310,370.52)
Cash paid to employees for services	<u>(1,034,143.17)</u>
Net Cash Used for Operating Activities	(29,045.84)
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>	
Refunds and other revenues	<u>3,299.90</u>
Net Cash Provided by Non-Capital Financing Activities	3,299.90
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchase of capital assets	<u>(27,716.00)</u>
Net Cash Used for Capital and Related Financing Activities	(27,716.00)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest received from investments	50,836.21
Maturities of investments	<u>99,000.00</u>
Net Cash Provided by Investing Activities	<u>149,836.21</u>
Net Increase in Cash and Cash Equivalents	96,374.27
Cash and Cash Equivalents, beginning of year	<u>164,712.90</u>
Cash and Cash Equivalents, end of year	<u><u>261,087.17</u></u>

Continued

**LOUISIANA RECREATIONAL AND USED MOTOR VEHICLE COMMISSION**  
**OFFICE OF THE GOVERNOR**  
**STATEMENT OF CASHFLOWS (Continued)**  
**YEAR END JUNE 30, 2006**

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	<u>Business-type Activities</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES	
Operating loss	(39,996.91)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	41,545.60
(Increase) decrease in assets:	
Accounts receivable	(64,839.02)
Increase (decrease) in liabilities:	
Accounts and bond claims payable	23,731.36
Accrued salaries and retirement payable	3,686.44
Compensated absences payable	<u>6,826.69</u>
Net Cash Used for Operating Activities	<u><u>(29,045.84)</u></u>

The accompanying notes are an integral part of this statement.

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## **NOTES TO FINANCIAL STATEMENTS**

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**LOUISIANA RECREATIONAL AND USED MOTOR VEHICLE COMMISSION**  
**OFFICE OF THE GOVERNOR**  
**INDEX TO NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2006**

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**LOUISIANA RECREATIONAL AND USED MOTOR VEHICLE COMMISSION**  
**OFFICE OF THE GOVERNOR**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2006**

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**INTRODUCTION**

The Louisiana Recreational and Used Motor Vehicle Commission is a component unit of the State of Louisiana. It was created within the Office of the Governor as provided by Louisiana Revised Statute 32:772. The Commission serves as a statewide authority to license and regulate used motor vehicle dealers, salespersons, automotive dismantlers, auto crushers, parts recyclers and marine dealers. It also conducts hearings, if warranted, on complaints against these individuals or businesses. Headquartered in Baton Rouge, the Commission's operations are funded by self-generated revenues.

The Commission is composed of 13 members that are appointed by the Governor of the State of Louisiana and serve concurrent terms with that of the Governor. Five of the members must be licensed used motor vehicle dealers from each of the Public Service Commission districts. Three of the members must be consumers selected at large. One each of the following make up the remaining members – (1) licensed automotive dismantler or parts recycler, (2) licensed motorcycle dealer, (3) licensed marine dealer, (4) representative of the manufacturing industry and (5) representative authorized to conduct used motor vehicle or salvage pool auctions. Commission members, as authorized by Louisiana Administrative Code 46:317(C), may receive a per diem of \$75 per day in addition to actual expense reimbursement to attend meetings or conduct Commission-approved business.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting and reporting practice of the Louisiana Recreational and Used Motor Vehicle Commission conforms to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:513 and to the guides set forth in the *Louisiana Governmental Audit Guide*, and to the industry audit guide *Audits of State and Local Governmental Units*.

The following is a summary of certain significant accounting policies:

**Financial Reporting Entity:** Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. For financial reporting purposes, in conformance with GASB Codification Section 2100, the Commission is considered a component unit of the State of Louisiana because the State exercises oversight responsibility in that the Governor appoints the Commission members and public service is rendered within the State's boundaries. The accompanying financial statements present only the transactions of the Louisiana Recreational and Used Motor Vehicle Commission.

**Fund Accounting:** The Commission uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

**LOUISIANA RECREATIONAL AND USED MOTOR VEHICLE COMMISSION**  
**OFFICE OF THE GOVERNOR**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2006**

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A fund is a separate entity with a self-balancing set of accounts. Funds of the Commission are classified under one category: proprietary. This category, in turn, is further divided into separate fund types. The fund classifications and a description of each existing fund type follow:

*Proprietary Funds* – account for activities that are similar to activities found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds of the Commission include the following fund types:

1. Enterprise – account for operations (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

**Basis of Accounting/Measurement Focus:** In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Commission (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This codification, and subsequent GASB pronouncements, is recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles and are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration – Office of Statewide Reporting and Accounting Policy.

Basis of accounting refers to when revenues and expenses are recognized and reported and relates to the time of the measurement, regardless of the measurement focus applied. The fund financial statements of the Commission are reported using an economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and liabilities associated with the operation of business-type activities are included in the statement of net assets. Revenues are recognized when earned, and expenses are recognized at the time the liabilities are incurred. In these statements, capital assets are reported and depreciated in each fund, and long-term debt is reported.

**Application of FASB Statements and Interpretations:** Reporting on governmental-type and business-type activities is based on FASB Statements and Interpretations issued after November 30, 1989, except where they conflict or contradict GASB pronouncements.

**Operating Revenues:** Proprietary funds separately report operating and non-operating revenues. Revenues from transactions of the Commission's licensing activities are considered operating revenues. All other revenues, which are reported as cash flows from capital or non-capital financing and investing, are reported as non-operating revenues.

**LOUISIANA RECREATIONAL AND USED MOTOR VEHICLE COMMISSION**  
**OFFICE OF THE GOVERNOR**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2006**

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**Budgets and Budgetary Accounting:** Subject to the Louisiana Licensing Agency Budget Act established by Louisiana Revised Statutes 39:1331-1342, the Commission adopts an annual budget prepared in accordance with the basis of accounting utilized by that fund. The Commission must approve any revisions that alter the total expenditures. Although budget amounts lapse at year-end, the Commission retains its unexpended fund balances to fund expenditures of the succeeding year.

**Cash and Cash Equivalents:** Cash and cash equivalents include amounts in interest-bearing demand deposits and certificates of deposit. Under state law, the Commission may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less are considered to be cash equivalents.

**Investments:** Investments are limited by Louisiana Revised Statute 33:2955. If the original maturities of investments exceed 90 days, they are classified as investments. Otherwise, the investments are classified as cash and cash equivalents. In accordance with GASB Statement No. 31, investments are recorded at fair value with the corresponding increase or decrease reported in investment earnings.

The Commission's policy (#21) is tailored after Louisiana Revised Statute 49:327 and prohibits investments with maturities extending beyond 12 months. The policy also requires that three quotes be obtained by allowable financial institutions as to interest rates and that the amounts of the investment not exceed an amount insured by FDIC (\$100,000) and pledged collateral at any one institution.

**Inventory:** Inventory of the Commission includes only office supplies and printed materials, the amount of which is considered immaterial. Therefore, the acquisition of these items is expensed when purchased, and the inventory on hand at year-end is not reported in the accompanying financial statements.

**Receivables:** Receivables consist of fines and costs associated with disciplinary action taken against licensees that were assessed but not collected at year-end. The allowance has been set at zero percent as collection of all accounts is anticipated as of June 30, 2006.

**Use of Estimates:** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Capital Assets:** The Commission's assets are recorded at historical cost. Depreciation is recorded using the straight-line method of depreciation over the useful lives of the assets. This period is considered 10-50 years for buildings and improvements and 5-10 years for vehicles and equipment. Generally, the Commission includes all capital acquisitions with a cost of \$1,000 or more in its fixed asset inventory. However, certain items at a cost below that amount may be capitalized if benefits of the item will extend beyond one year and/or the Commission wants to monitor the item.

LOUISIANA RECREATIONAL AND USED MOTOR VEHICLE COMMISSION  
OFFICE OF THE GOVERNOR  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2006

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**Compensated Absences:** Employees of the Commission earn and accumulate vacation and sick leave at varying rates, depending on their years of service. The amount of vacation and sick leave that may be accumulated by each employee is unlimited. Upon termination, however, employees or their heirs are compensated for only up to 300 hours of unused vacation leave. This is computed at the employee's hourly rate of pay at the time of termination. Upon retirement, unused vacation leave in excess of 300 hours plus unused sick leave are used to compute retirement benefits. At June 30, 2006, employees of the Commission had accumulated and vested \$85,946.91 of employee leave benefits, which was computed in accordance with GASB Codification Section C60.150.

**Net Assets:** In the statements of net assets, the difference between a government's assets and liabilities is recorded as net assets. The three components of net assets are as follows:

*Invested in Capital Assets, Net of Related Debt*

This category records capital assets net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes or other borrowings attributable to the acquisition, construction or improvement of capital assets.

*Restricted Net Assets*

Net Assets that are reserved by external sources such as banks or by law are reported separately as restricted net assets. When assets are required to be retained in perpetuity, the non-expendable net assets are recorded separately from expendable net assets. These are components of restricted net assets.

*Unrestricted Net Assets*

This category represents net assets not appropriable for expenditures or legally segregated for a specific future use. Restricted resources are exhausted before unrestricted net assets are used.

**NOTE 2 – CASH AND CASH EQUIVALENTS**

The following is a summary of cash and cash equivalents at June 30, 2006:

	<u>Book Balance</u>	<u>Bank Balance</u>
Interest-bearing demand deposits	<u>\$ 261,087.17</u>	<u>\$ 310,923.10</u>

These deposits are stated at cost, which approximates market. Under state law, they must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding, or custodial bank that is mutually acceptable to both parties.

With the adoption of GASB Statement No. 40, only deposits that are considered exposed to custodial credit risk are required to be disclosed. The Commission does not have any deposits that fall within this category. Deposits of the Commission are secured with \$100,000 (Chase Bank) of insurance through FDIC and \$1,310,089 of pledged collateral.

**LOUISIANA RECREATIONAL AND USED MOTOR VEHICLE COMMISSION**  
**OFFICE OF THE GOVERNOR**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2006**

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**NOTE 3 – INVESTMENTS**

Investments can be exposed to custodial credit risk if the securities underlying the investment are uninsured and unregistered, not registered in the name of the entity or are held either by the counter-party or the counter-party's trust department or agent but not in the entity's name. The Commission does not have any investments subject to credit risk. All investments are certificates of deposit with maturities extending beyond 90 days. At June 30, 2006, the Commission had certificates whose reported amount equaled its fair value as follows:

	<u>Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
Concordia Bank & Trust	9/03/06	4.00%	\$ 200,000.00
La Capitol FCU	10/30/06	4.85%	99,000.00
People's State Bank	11/01/06	3.95%	98,985.00
Delta Bank	12/22/06	4.75%	300,000.00
Tensas State Bank	2/10/06	4.12%	99,000.00
Regions Bank	2/16/07	4.08%	99,000.00
Bank of Greensburg	6/09/07	5.13%	<u>99,000.00</u>
Total			<u>994,985.00</u>

**NOTE 4 – RECEIVABLES**

The following is a summary of receivables at June 30, 2006:

**Class of Receivables**

Accounts (assessments)	\$ 96,809.32
Interest	<u>2,266.72</u>
Total	<u>99,076.04</u>

All receivables are expected to be collected. As a result, no allowance for doubtful accounts is recorded in the accompanying financial statements.

**LOUISIANA RECREATIONAL AND USED MOTOR VEHICLE COMMISSION**  
**OFFICE OF THE GOVERNOR**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2006**

**NOTE 5 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2006, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
Capital Assets, not being depreciated				
Land	\$ 50,000.00	\$ .00	\$ .00	\$ 50,000.00
Capital Assets, being depreciated				
Buildings and improvements	205,488.00	.00	.00	205,488.00
Less: accumulated depreciation	66,165.33	5,805.11	.00	71,970.44
Net Buildings and Improvements	139,322.67	(5,805.11)	.00	133,517.56
Autos and equipment	323,780.44	27,716.00	29,384.00	322,112.44
Less: accumulated depreciation	220,973.09	35,740.49	29,384.00	227,329.58
Net Autos and Equipment	102,807.35	(8,024.49)	.00	94,782.86
Net Capital Assets, being depreciated	242,130.02	(13,829.60)	.00	228,300.42
Net Capital Assets	292,130.02	(13,829.60)	.00	278,300.42

In the current year, the Commission recorded \$84,646.44 in fixed assets that had been purchased in prior years at a cost of \$1,000 or more but less than \$5,000. The accumulated depreciation on these assets totaled \$57,513.60. This increased the Commission's net assets by \$27,132.84. This is reported as an adjustment to prior periods on the accompanying statement of revenues, expenses and changes in fund net assets.

**NOTE 6 – LEAVE**

*Annual and Sick Leave.* The Commission's employees earn and accumulate annual and sick leave at varying rates depending on their years of full-time service and are credited at the end of each month of regular service. Accumulated leave is carried forward to succeeding years without limitation. Requests for leave must be made to the employee's immediate supervisor and approved by the Executive Director. Upon termination, employees are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave is used to compute retirement benefits.

The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as current year expenditures when leave is earned. Only annual leave is accrued in the accompanying statement of net assets, the amount unpaid at June 30, 2006, being \$85,946.91.

**LOUISIANA RECREATIONAL AND USED MOTOR VEHICLE COMMISSION**  
**OFFICE OF THE GOVERNOR**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2006**

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*Compensatory Leave.* Non-exempt employees, according to the guidelines contained in the Fair Labors Standards Act, may be paid for compensatory leave earned. Upon termination or transfer, an employee is paid for any time and one-half compensatory leave earned and may or may not be paid for any straight hour-for-hour compensatory leave earned. This pay is based on the employee's hourly rate of pay at the time of termination or transfer. There was no accrued compensatory leave time at June 30, 2006.

**NOTE 7 – RETIREMENT SYSTEM**

Substantially all of the employees of the Commission are members of the Louisiana State Employees Retirement System (System), a cost sharing, multiple-employer, defined benefit pension plan. The System is a statewide public retirement system (PERS) for the benefit of state employees, which is administered and controlled by a separate Board of Trustees.

All full-time employees are eligible to participate. Benefits vest with 10 years of service. At retirement age, employees are entitled to annual benefits equal to 2.5% of their highest consecutive 36 months' average salary multiplied by their years of credited service plus \$300 for employees hired before July 31, 1986. Vested employees are entitled to a retirement benefit, payable monthly for life at (a) any age with 30 years of service, (b) age 55 with 25 years of service or (c) age 60 with 10 years of service. An option of reduced benefits at any age with 20 years of service is available. The System also provides death and disability benefits. Benefits are established or amended by state statute. The System issues an annual financial report that is available to the public including financial statements and required supplementary information of the System. That report may be obtained by contacting the Louisiana State Employees Retirement System, P. O. Box 44213, Baton Rouge, La. 70804-4213, 225-922-0605 or 800-256-3000.

Covered employees are required to contribute 7.5% of gross salary to the plan, and the Commission is required to contribute at an actuarially determined rate as required by Louisiana R.S. 11:102. That rate for the year ended June 30, 2006, was 19.1%. Contributions to the System for the years ended June 30, 2006, 2005 and 2004, were \$135,074, \$124,027 and \$93,647, respectively.

**NOTE 8 – POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS**

Substantially all of the Commission's employees become eligible for health care, dental and life insurance benefits if they reach normal retirement age while working for the Commission. Those benefits include joint payment of monthly premiums for which the Commission includes its portion as an expenditure in the year paid. The Commission currently has four retired persons participating at a cost to the Commission of \$14,816.72.



LOUISIANA RECREATIONAL AND USED MOTOR VEHICLE COMMISSION  
OFFICE OF THE GOVERNOR  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2006

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NOTE 9 – LEASES

*Operating Leases.* A copier was leased from Kyocera for \$404.39 per month and is paid on a month-to-month basis or \$4,853 annually.

Two postage meters were leased from Pitney Bowes for a 12-month period at a rate of \$768 per month or \$9,216 annually.

*Capital Leases.* The Commission has no capital leases.

NOTE 10 – ACCOUNTS AND OTHER PAYABLES

The following is a summary of payables at June 30, 2006:

Class of Payables

Accounts	\$ 9,312.06
Bond claims	42,271.29
Salaries and retirement benefits	<u>17,923.36</u>
Total	<u>69,506.71</u>

NOTE 11 – LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2006, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Compensated absences	<u>\$ 79,120.22</u>	<u>\$ 10,470.38</u>	<u>\$ 3,643.69</u>	<u>\$ 85,946.91</u>	<u>\$ .00</u>

The Commission did not have any other long-term debt at June 30, 2006.

NOTE 12– RELATED PARTY TRANSACTIONS

There were no related party transactions during the year.

**LOUISIANA RECREATIONAL AND USED MOTOR VEHICLE COMMISSION  
OFFICE OF THE GOVERNOR  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2006**

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**NOTE 13 – LITIGATION**

There is no litigation that would require disclosure in this financial report.

**NOTE 14 – SUBSEQUENT EVENTS**

There were no events between the close of the year through issuance of this report that would materially impact these financial statements.

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**REQUIRED SUPPLEMENTAL INFORMATION**  
**(PART 2 OF 2)**

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**LOUISIANA RECREATIONAL AND USED MOTOR VEHICLE COMMISSION**  
**OFFICE OF THE GOVERNOR**  
**BUDGETARY COMPARISON SCHEDULE**  
**YEAR END JUNE 30, 2006**

	Budgeted			Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>REVENUES</b>				
Licenses and other fees	\$ 1,287,600.00	\$ 1,281,966.00	\$ 1,286,760.87	\$ 4,794.87
Hearing costs and fines	45,000.00	69,425.00	90,978.82	21,553.82
Mailing lists/labels	2,500.00	2,557.00	2,567.18	10.18
Interest income	33,400.00	50,681.00	51,382.89	701.89
Other revenues	-	-	3,299.90	3,299.90
Total Revenues	1,368,500.00	1,404,629.00	1,434,989.66	30,360.66
<b>EXPENDITURES</b>				
Salaries and related benefits	998,974.22	1,032,953.00	1,044,656.30	(11,703.30)
Meetings, conferences and travel	26,000.00	18,018.00	18,055.02	(37.02)
Professional services	86,300.00	102,045.00	116,950.22	(14,905.22)
Maintenance and repairs	39,000.00	33,177.00	35,546.34	(2,369.34)
General and administrative	169,700.00	183,715.00	163,550.30	20,164.70
Depreciation	43,000.00	27,732.00	41,545.60	(13,813.60)
Total Expenditures	1,362,974.22	1,397,640.00	1,420,303.78	(22,663.78)
Change in Net Assets	5,525.78	6,989.00	14,685.88	7,696.88
Net Assets, beginning	1,436,176.29	1,436,176.29	1,436,176.29	-
Adjustments to prior periods	-	-	27,132.84	27,132.84
Net Assets, ending	1,441,702.07	1,443,165.29	1,477,995.01	34,829.72

See Auditors' Report

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## **SUPPLEMENTAL SCHEDULES AND INFORMATION**

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**LOUISIANA RECREATIONAL AND USED MOTOR VEHICLE COMMISSION**  
**OFFICE OF THE GOVERNOR**  
**SCHEDULE OF PER DIEM PAID TO COMMISSION MEMBERS**  
**JUNE 30, 2006**

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In compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature, this schedule of per diem/compensation paid to Commission members is presented for the year ended June 30, 2006.

<u>Name</u>	<u>Amount</u>
Brakefield, Johnny	\$ 750.00
Courville, Phillip	450.00
Frederick, Julia	750.00
Gable, Aaron	600.00
Graham, Scott	375.00
Guitrau, Darryl	300.00
Hudson, Vanessa	750.00
Olave, Steve	600.00
Prestridge, Richard	675.00
Richard, Chester	600.00
Roberts, Michael (waived)	.00
Robinson, Glen	750.00
Smith, Henry	<u>750.00</u>
Total	<u>7,350.00</u>

See Auditors' Report

**MARY SUE STAGES, CPA, LLC**

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3121 Van Buren Street, Suite A  
P. O. Box 30  
Baker, Louisiana 70704-0030  
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mstages@butlercpa.brcoxmail.com

*Louisiana Society of Certified Public Accountants  
American Institute of Certified Public Accountants  
Association of Governmental Accountants*

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***

August 24, 2006

To the Commission Members of the  
Louisiana Recreational and Used Motor Vehicle Commission  
3132 Valley Creek Drive  
Baton Rouge, Louisiana 70808

We have audited the financial statements of the Louisiana Recreational and Used Motor Vehicle Commission of and for the year ended June 30, 2006, and have issued our report thereon dated August 24, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

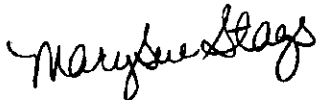
As part of obtaining reasonable assurance about whether the Louisiana Recreational and Used Motor Vehicle Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

To the Commission Members of the  
Louisiana Recreational and Used Motor Vehicle Commission  
August 24, 2006  
Page Two

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Louisiana Recreational and Used Motor Vehicle Commission's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management and Legislative Auditor and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, the Legislative Auditor distributes this report as a public document.



Mary Sue Stages, CPA, LLC



**LOUISIANA RECREATIONAL AND USED MOTOR VEHICLE COMMISSION  
OFFICE OF THE GOVERNOR  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2006**

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We have audited the financial statements of the Louisiana Recreational and Used Motor Vehicle Commission as of and for the year ended June 30, 2006, and have issued our report thereon dated August 24, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2006, resulted in an unqualified opinion.

**Section I      Summary of Auditor's Reports**

1.    Report on Internal Control and Compliance Material to the Financial Statements

Internal Control	Material Weakness	No
	Reportable Condition	No
Compliance	Compliance Material to F/S	No

2.    Federal Awards

N/A

**Section II      Financial Statement Findings**

None

**Section III     Federal Award Findings and Questioned Costs**

N/A

**LOUISIANA RECREATIONAL AND USED MOTOR VEHICLE COMMISSION  
OFFICE OF THE GOVERNOR  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
YEAR ENDED JUNE 30, 2006**

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**Section I      Internal Control and Compliance Material to the Financial Statements**

N/A

**Section II      Internal Control and Compliance Material to Federal Awards**

N/A

**Section III    Management Letter**

N/A

**LOUISIANA RECREATIONAL AND USED MOTOR VEHICLE COMMISSION  
OFFICE OF THE GOVERNOR  
MANAGEMENT'S CORRECTIVE ACTION PLAN  
YEAR ENDED JUNE 30, 2006**

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**Section I      Internal Control and Compliance Material to the Financial Statements**

N/A

**Section II      Internal Control and Compliance Material to Federal Awards**

N/A

**Section III      Management Letter**

N/A

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**OTHER REQUIRED SUPPLEMENTAL INFORMATION**

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**LOUISIANA RECREATIONAL AND USED MOTOR VEHICLE COMMISSION  
OFFICE OF THE GOVERNOR  
SUPPLEMENTAL INFORMATION SCHEDULES  
JUNE 30, 200**

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**LOUISIANA'S COMPREHENSIVE ANNUAL FINANCIAL REPORT**

As a component unit of the State of Louisiana, the financial statements of the Louisiana Recreational and Used Motor Vehicle Commission are included in Louisiana's Comprehensive Annual Financial Report. Following are the statements being submitted to the Division of Administration for reporting purposes. The amounts recorded have been subjected to the same auditing procedures as those recorded in the accompanying financial statements.

LOUISIANA RECREATIONAL AND USED MOTOR  
VEHICLE COMMISSION  
STATE OF LOUISIANA  
Annual Financial Statements  
June 30, 2006

C O N T E N T S

TRANSMITTAL LETTER  
AFFIDAVIT

Statements

MD&A

Balance Sheet	A
Statement of Revenues, Expenses, and Changes in Fund Net Assets	B
Statement of Activities	C
Statement of Cash Flows	D

Notes to the Financial Statements

A.	Summary of Significant Accounting Policies
B.	Budgetary Accounting
C.	Deposits with Financial Institutions and Investments (Information in Appendix B)
D.	Capital Assets – Including Capital Lease Assets
E.	Inventories
F.	Restricted Assets
G.	Leave
H.	Retirement System
I.	Post Retirement Health Care and Life Insurance Benefits
J.	Leases
K.	Long-Term Liabilities
L.	Contingent Liabilities
M.	Related Party Transactions
N.	Accounting Changes
O.	In-Kind Contributions
P.	Defeased Issues
Q.	Cooperative Endeavors
R.	Government-Mandated Nonexchange Transactions (Grants)
S.	Violations of Finance-Related Legal or Contractual Provisions
T.	Short-Term Debt
U.	Disaggregation of Receivable Balances
V.	Disaggregation of Payable Balances
W.	Subsequent Events
X.	Segment Information
Y.	Due to/Due from and Transfers
Z.	Liabilities Payable from Restricted Assets
AA.	Prior-Year Restatement of Net Assets
BB.	Net Assets Restricted by Enabling Legislation (Information in Appendix C)
CC.	Impairment of Capital Assets (Additional Info in Appendix D)
DD.	Employee Termination Benefits

Schedules

1	Schedule of Per Diem Paid to Board Members
2	Schedule of State Funding
3	Schedules of Long-Term Debt

4	Schedules of Long-Term Debt Amortization
15	Schedule of Comparison Figures and Instructions

Appendix

A	Instructions for the Simplified Statement of Activities
B	Information for Note C - "Deposits with Financial Institutions and Investments"
C	Information for Note BB - "Net Assets Restricted by Enabling Legislation"
D	Information for Note CC - "Impairment of Capital Assets"

STATE OF LOUISIANA  
Annual Financial Statements  
Fiscal Year Ending June 30, 2006

Louisiana Recreational and Used Motor Vehicle Commission

Division of Administration  
Office of Statewide Reporting  
and Accounting Policy  
P. O. Box 94095  
Baton Rouge, Louisiana 70804-9095

Legislative Auditor  
P. O. Box 94397  
Baton Rouge, Louisiana 70804-9397

AFFIDAVIT

Personally came and appeared before the undersigned authority, John Torrence, Executive Director of the Louisiana Recreational and Used Motor Vehicle Commission who duly sworn, deposes and says, that the financial statements herewith given present fairly the financial position of Louisiana Recreational and Used Motor Vehicle Commission at June 30, 2006 and the results of operations for the year then ended in accordance with policies and practices established by the Division of Administration or in accordance with Generally Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board. Sworn and subscribed before me, this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
Signature of Agency Official

\_\_\_\_\_  
NOTARY PUBLIC

Prepared by: \_\_\_\_\_

Title: \_\_\_\_\_

Telephone No.: \_\_\_\_\_

Date: \_\_\_\_\_



**STATE OF LOUISIANA  
LOUISIANA RECREATIONAL AND USED MOTOR VEHICLE COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2006**

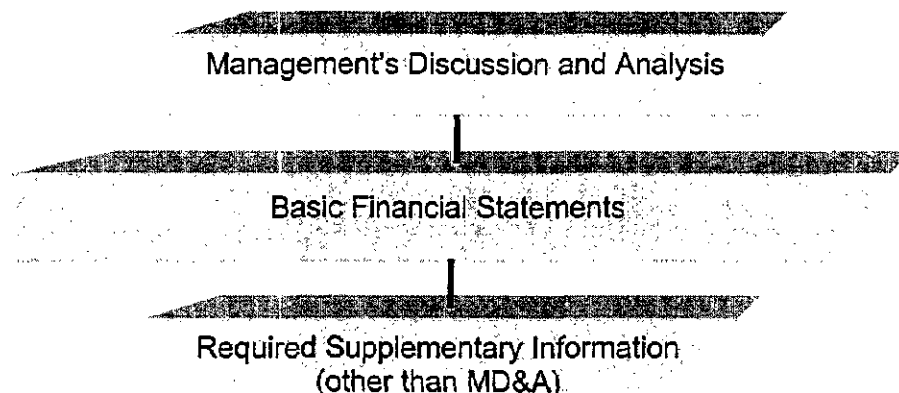
The Management's Discussion and Analysis of the Louisiana Recreational and Used Motor Vehicle Commission's financial performance presents a narrative overview and analysis of Louisiana Recreational and Used Motor Vehicle Commission's financial activities for the year ended June 30, 2006. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the additional information contained in the transmittal letter presented on pages 35-36 and the Louisiana Recreational and Used Motor Vehicle Commission's financial statements, which begin on page 42.

## **FINANCIAL HIGHLIGHTS**

- ★ The Louisiana Recreational and Used Motor Vehicle Commission's assets exceeded its liabilities at the close of fiscal year 2006 by \$1,477,995, which represents a 3% increase from last fiscal year. The net assets increased by \$14,686.
- ★ The Louisiana Recreational and Used Motor Vehicle Commission's revenue increased \$148,244 (or 12%) and the net results from activities increased by \$14,686.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by Governmental Accounting Standards Board Statement 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.



These financial statements consist of three sections - Management's Discussion and Analysis (this section), the Basic Financial Statements (including the notes to the financial statements), and Required Supplementary Information.

### **Basic Financial Statements**

The basic financial statements present information for the Louisiana Recreational and Used Motor Vehicle Commission as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Balance Sheet; the Statement of Revenues, Expenses, and Changes in Fund Net Assets; and the Statement of Cash Flows.

**STATE OF LOUISIANA  
LOUISIANA RECREATIONAL AND USED MOTOR VEHICLE COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2006**

The Balance Sheet (page 42) presents the current and long-term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the Louisiana Recreational and Used Motor Vehicle Commission is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Fund Net Assets (page 43) presents information showing how Louisiana Recreational and Used Motor Vehicle Commission's assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Statement of Cash Flows (pages 45-46) presents information showing how Louisiana Recreational and Used Motor Vehicle Commission's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash provided (used) by operating activities (indirect method) as required by GASB 34.

**FINANCIAL ANALYSIS OF THE ENTITY**

Statement of Net Assets  
as of June 30, 2006  
(in thousands)

	Total	
	2006	2005
Current and other assets	\$ 360.00	\$ 1,292.00
Capital assets	278.00	265.00
Non-Current assets	995.00	-
Total assets	1,633.00	1,557.00
Current liabilities	70.00	42.00
Long-term debt outstanding	86.00	79.00
Total liabilities	156.00	121.00
Net assets:		
Invested in capital assets, net of debt	278.00	265.00
Restricted	-	-
Unrestricted	1,200.00	1,172.00
Total net assets	\$ 1,478.00	\$ 1,437.00

Restricted net assets represent those assets that are not available for spending as a result of legislative requirements, donor agreements, or grant requirements. Conversely, unrestricted net assets are those that do not have any limitations on how these amounts may be spent.

Net assets of Louisiana Recreational and Used Motor Vehicle Commission's increased by \$41,819, or 3%, from June 30, 2005 to June 30, 2006. One of the major causes of this increase is the inclusion of infrastructure assets. This class of asset, which includes roads, bridges, and levees, was not included in general fixed assets of Louisiana Recreational and Used Motor Vehicle Commission under the basis of accounting prior to adoption of GASB Statement 34.

Statement of Revenues, Expenses, and Changes in Fund Net Assets  
for the years ended June 30, 2006  
(in thousands)

	Total	
	2006	2005
Operating revenues	\$ 1,380.00	\$ 1,231.00
Operating expenses	<u>1,420.00</u>	<u>1,498.00</u>
Operating income(loss)	<u>(40.00)</u>	<u>(267.00)</u>
Non-operating revenues(expenses)	<u>55.00</u>	<u>40.00</u>
Income(loss) before transfers	<u>15.00</u>	<u>(227.00)</u>
Transfers in	-	-
Transfers out	<u>-</u>	<u>-</u>
Net increase(decrease) in net assets	\$ <u>15.00</u>	\$ <u>(227.00)</u>

Revenues increased by \$148,244 or 12%. Following Hurricanes Katrina and Rita, there was a number new licensees from out of state. Expenses decreased by \$77,723 or 5% of the prior year's expenses. This increase in revenues and decrease in expenditures provided for a positive change in net assets of \$14,686 in contrast to the decrease of \$226,525 in the prior year.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At the end of 2006, the Louisiana Recreational and Used Motor Vehicle Commission had \$278,300 invested in a broad range of capital assets.

This amount represents a net increase (including additions and deductions) of \$13,303, or 5%, over last year.

Capital Assets at Year-end  
(Net of Depreciation)

	2006	2005
Land	\$ 50,000.00	\$ 50,000.00
Buildings	120,292.56	125,522.67
Parking lot	13,225.00	13,800.00
Auto and equipment	<u>94,782.86</u>	<u>75,674.00</u>
Totals \$	<u>278,300.42</u>	<u>264,996.67</u>

**STATE OF LOUISIANA  
LOUISIANA RECREATIONAL AND USED MOTOR VEHICLE COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2006**

**Debt**

Long-term debt of the Commission includes compensated absences at amounts of \$85,947 and \$79,120 at June 30, 2006 and 2005, respectively.

Outstanding Debt at Year-end (in thousands)		
	2006	2005
General Obligation Bonds	\$	\$
Revenue Bonds and Notes		
Totals \$	-	-

**VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS**

Revenues were approximately \$30,361 over budget and expenditures were more than budget by \$22,664.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The Commission's (BTA) elected and appointed officials considered the following factors and indicators when setting next year's budget, rates, and fees. These factors and indicators include:

- Consideration of purchase larger building.

**CONTACTING THE LOUISIANA RECREATIONAL AND USED MOTOR VEHICLE COMMISSION'S MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Commission's (BTA) finances and to show the Commission's (BTA) accountability for the money it receives. If you have questions about this report or need additional financial information, contact Lynette Binning, Accountant 3, (225) 925-3780 ext 213.

**STATE OF LOUISIANA**  
**LOUISIANA RECREATIONAL AND USED MOTOR VEHICLE COMMISSION**  
**BALANCE SHEET**  
**AS OF JUNE 30, 2006**

**ASSETS**

**CURRENT ASSETS:**

Cash and cash equivalents	\$	261,087
Investments		
Receivables (net of allowance for doubtful accounts)(Note U)		99,076
Due from other funds (Note Y)		
Due from federal government		
Inventories		
Prepayments		
Notes receivable		
Other current assets		
Total current assets		360,163

**NONCURRENT ASSETS:**

Restricted assets (Note F):		
Cash		
Investments		
Receivables		
Notes receivable		
Investments		994,965
Capital assets (net of depreciation)(Note D)		
Land		50,000
Building and parking lot		133,518
Auto and equipment		94,783
Infrastructure		
Construction in progress		
Other noncurrent assets		
Total noncurrent assets		1,273,285
Total assets	\$	1,633,449

**LIABILITIES**

**CURRENT LIABILITIES:**

Accounts payable and accruals (Note V)	\$	69,507
Due to other funds (Note Y)		
Due to federal government		
Deferred revenues		
Amounts held in custody for others		
Other current liabilities		
Current portion of long-term liabilities:		
Contracts payable		
Reimbursement contracts payable		
Compensated absences payable (Note K)		
Capital lease obligations - (Note J)		
Claims and litigation payable (Note K)		
Notes payable		
Liabilities payable from restricted assets (Note Z)		
Bonds payable		
Other long-term liabilities		
Total current liabilities		69,507

**NON-CURRENT LIABILITIES:**

Contracts payable		
Reimbursement contracts payable		
Compensated absences payable (Note K)		85,947
Capital lease obligations (Note J)		
Claims and litigation payable (Note K)		
Notes payable		
Liabilities payable from restricted assets (Note Z)		
Bonds payable		
Other long-term liabilities		
Total long-term liabilities		85,947
Total liabilities		155,454

**NET ASSETS**

Invested in capital assets, net of related debt		278,300
Restricted for:		
Capital projects		
Debt service		
Unemployment compensation		
Other specific purposes		
Unrestricted		1,199,694
Total net assets		1,477,995
Total liabilities and net assets	\$	1,633,449

The accompanying notes are an integral part of this financial statement.

Statement A

**STATE OF LOUISIANA**  
**LOUISIANA RECREATIONAL AND USED MOTOR VEHICLE COMMISSION STATEMENT OF**  
**REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2006**

<b>OPERATING REVENUES</b>	
Sales of commodities and services	\$ _____
Assessments	_____
Use of money and property	_____
Licenses, permits, and fees	1,377,740
Other	2,567
Total operating revenues	1,380,307
<b>OPERATING EXPENSES</b>	
Cost of sales and services	1,215,208
Administrative	163,550
Depreciation	41,546
Amortization	_____
Total operating expenses	1,420,304
Operating income(loss)	(39,997)
<b>NON-OPERATING REVENUES(EXPENSES)</b>	
State appropriations	_____
Intergovernmental revenues (expenses)	_____
Taxes	_____
Use of money and property	51,383
Gain on disposal of fixed assets	_____
Loss on disposal of fixed assets	_____
Federal grants	_____
Interest expense	_____
Other revenue	3,300
Other expense	_____
Total non-operating revenues(expenses)	54,683
Income(loss) before contributions and transfers	14,686
Capital contributions	_____
Extraordinary item - Loss on impairment of capital assets	_____
Transfers in	_____
Transfers out	_____
Change in net assets	14,686
Adjustments to prior periods	27,133
Total net assets -- beginning as restated	1,436,176
Total net assets -- ending	\$ 1,477,995

The accompanying notes are an integral part of this financial statement.

Statement B

STATE OF LOUISIANA  
LOUISIANA RECREATIONAL AND USED MOTOR VEHICLE COMMISSION  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2006

See Appendix A for instructions

	Program Revenues			Net (Expense)
		Operating	Capital	Revenue and
	Charges for	Grants and	Grants and	Changes in
Expenses	Services	Contributions	Contributions	Net Assets
Entity	\$ 1,420,304	\$ 1,380,307	\$	\$ (39,997)
General revenues:				
Taxes				
State appropriations				
Grants and contributions not restricted to specific programs				
Interest				51,383
Miscellaneous				3,300
Special items				
Extraordinary item - Loss on impairment of capital assets				
Transfers				
Total general revenues, special items, and transfers				54,683
Change in net assets				14,686
Net assets - beginning as restated				1,436,176
Adjustments to prior periods				27,133
Net assets - ending				\$ 1,477,995

**STATE OF LOUISIANA  
LOUISIANA RECREATIONAL AND USED MOTOR VEHICLE COMMISSION  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2006**

**Cash flows from operating activities**

Cash received from customers	\$ 1,315,468	
Cash payments to suppliers for goods and services	(310,371)	
Cash payments to employees for services	(1,034,143)	
Payments in lieu of taxes		
Internal activity-payments to other funds		
Claims paid to outsiders		
Other operating revenues(expenses)		
Net cash provided(used) by operating activities		\$ (29,046)

**Cash flows from non-capital financing activities**

State appropriations		
Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Operating grants received		
Transfers in		
Transfers out		
Other	3,300	
Net cash provided(used) by non-capital financing activities		3,300

**Cash flows from capital and related financing activities**

Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Acquisition/construction of capital assets	(27,716)	
Proceeds from sale of capital assets		
Capital contributions		
Other		
Net cash provided(used) by capital and related financing activities		(27,716)

**Cash flows from investing activities**

Maturities of investment securities	99,000	
Proceeds from sale of investment securities		
Interest and dividends earned on investment securities	50,836	
Net cash provided(used) by investing activities		149,836

Net increase(decrease) in cash and cash equivalents		96,374
Cash and cash equivalents at beginning of year		164,712.90
Cash and cash equivalents at end of year		\$ 261,087

The accompanying notes are an integral part of this statement.

Statement D (continued)



**STATE OF LOUISIANA**  
**LOUISIANA RECREATIONAL AND USED MOTOR VEHICLE COMMISSION STATEMENT OF**  
**CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2006**

**Reconciliation of operating income(loss) to net cash provided(used) by operating activities:**

Operating income(loss)		\$ <u>(39,997)</u>
Adjustments to reconcile operating income(loss) to net cash		
Depreciation/amortization	<u>41,546</u>	
Provision for uncollectible accounts	<u></u>	
Changes in assets and liabilities:		
(Increase)decrease in accounts receivable, net	<u>(64,839)</u>	
(Increase)decrease in due from other funds	<u></u>	
(Increase)decrease in prepayments	<u></u>	
(Increase)decrease in inventories	<u></u>	
(Increase)decrease in other assets	<u></u>	
Increase(decrease) in accounts payable and accruals	<u>23,731</u>	
Increase(decrease) in accrued payroll and related benefits	<u>3,686</u>	
Increase(decrease) in compensated absences payable	<u>6,827</u>	
Increase(decrease) in due to other funds	<u></u>	
Increase(decrease) in deferred revenues	<u></u>	
Increase(decrease) in other liabilities	<u></u>	
Net cash provided(used) by operating activities		\$ <u><u>(29,046)</u></u>

**Schedule of noncash investing, capital, and financing activities:**

Borrowing under capital lease	\$ <u></u>
Contributions of fixed assets	<u></u>
Purchases of equipment on account	<u></u>
Asset trade-ins	<u></u>
Other (specify)	<u></u>
	<u></u>
	<u></u>
<b>Total noncash investing, capital, and financing activities:</b>	\$ <u><u>-</u></u>

The accompanying notes are an integral part of this statement.

Statement D (concluded)

**STATE OF LOUISIANA**  
**LOUISIANA RECREATIONAL AND USED MOTOR VEHICLE COMMISSION**  
**Notes to the Financial Statement**  
**As of and for the year ended June 30, 2006**

**INTRODUCTION**

The Louisiana Recreational and Used Motor Vehicle Commission (the Board) was created by the Louisiana State Legislature under the provisions of Louisiana Revised Statute 32:772. The Board is under the control of the Office of the Governor of the State of Louisiana, and a component unit of the State of Louisiana and is an integral part of such reporting entity. The Board is composed of thirteen (13) members appointed by the Governor of Louisiana for a term conterminous with that of the governor making the appointment with the chairman being appointed by the governor.

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**1. BASIS OF ACCOUNTING**

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

The accompanying financial statements of the Board present information only as to the transactions of the programs of the Board as authorized by Louisiana statutes and administrative regulations.

Basis of accounting refers to when revenues and expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accounts of the Board are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration – Office of Statewide Reporting and Accounting Policy as follows:

**Revenue Recognition**

Revenues are recognized using the full accrual basis of accounting; therefore, revenues are recognized in the accounting period in which they are earned and become measurable.

**Expense Recognition**

Expenses are recognized on the accrual basis; therefore, expenses, including salaries, are recognized in the period incurred, if measurable.

**B. BUDGETARY ACCOUNTING**

The appropriations made for the operations of the various programs of the Board are annual lapsing appropriations.

1. The budgetary process is an annual appropriation valid for one year.
2. The agency is prohibited by statute from over expending the categories established in the budget.
3. Budget revisions are granted by the Joint Legislative Committee on the Budget, a committee of the Louisiana Legislature. Interim emergency appropriations may be granted by the Interim Emergency Board.
4. The budgetary information included in the financial statements includes the original appropriation plus subsequent amendments as follows:

STATE OF LOUISIANA  
LOUISIANA RECREATIONAL AND USED MOTOR VEHICLE COMMISSION  
Notes to the Financial Statement  
As of and for the year ended June 30, 2006

	<u>APPROPRIATIONS</u>
Original approved budget	\$ <u>1,368,500</u>
Amendments:	<u>36,129</u>
	<u>                    </u>
	<u>                    </u>
Final approved budget	\$ <u><u>1,404,629</u></u>

**C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS** (If all agency cash and investments are deposited in the State Treasury, disregard Note C.) See Appendix B for information related to Note C.

**1. DEPOSITS WITH FINANCIAL INSTITUTIONS**

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposit. Under state law the Board may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the (BTA) may invest in time certificates of deposit in any bank domiciled or having a branch office in the state of Louisiana; in savings accounts or shares of savings and loan associations and savings banks and in share accounts and share certificate accounts of federally or state chartered credit unions.

For the purpose of the Statement of Cash Flows, all highly liquid investments (including restricted assets with a maturity of three months or less when purchased) are considered to be cash equivalents.

Deposits in bank accounts are stated at cost, which approximates market. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the State Treasurer.

GASB Statement 40, which amended GASB Statement 3, eliminated the requirement to disclose all deposits by the three categories of risk. GASB Statement 40 requires only the disclosure of deposits that are considered to be exposed to custodial credit risk. An entity's deposits are exposed to custodial credit risk if the deposit balances are either 1) uninsured and uncollateralized, 2) uninsured and collateralized with securities held by the pledging financial institution, or 3) uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the entity's name.

The deposits at June 30, 2006, consisted of the following:

STATE OF LOUISIANA  
LOUISIANA RECREATIONAL AND USED MOTOR VEHICLE COMMISSION  
Notes to the Financial Statement  
As of and for the year ended June 30, 2006

	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Other (Describe)</u>	<u>Total</u>
Deposits in Bank Accounts Per Balance Sheet	\$ <u>310,923</u>	\$ <u>          </u>	\$ <u>          </u>	\$ <u>310,923.00</u>
Bank Balances of Deposits Exposed to Custodial Credit Risk:				
a. Uninsured and uncollateralized	\$ <u>          </u>	\$ <u>          </u>	\$ <u>          </u>	\$ <u>-</u>
b. Uninsured and collateralized with securities held by the pledging institution	<u>          </u>	<u>          </u>	<u>          </u>	<u>-</u>
c. Uninsured and collateralized with securities held by the pledging institution's trust department or agent <u>but not in the entity's name</u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>-</u>
Total Bank Balances - All Deposits	\$ <u>310,923</u>	\$ <u>0</u>	\$ <u>          </u>	\$ <u>310,923.00</u>

NOTE: The "Total Bank Balances - All Deposits" will not necessarily equal the "Deposits in Bank Account per Balance Sheet" due to outstanding items.

The following is a breakdown by banking institution, program, account number, and amount of the balances

	<u>Banking Institution</u>	<u>Program</u>	<u>Amount</u>
1.	<u>Chase Bank</u>	<u>Operating</u>	\$ <u>310,923</u>
2.	<u>                                  </u>	<u>                                  </u>	<u>                                  </u>
3.	<u>                                  </u>	<u>                                  </u>	<u>                                  </u>
4.	<u>                                  </u>	<u>                                  </u>	<u>                                  </u>
Total			\$ <u>310,923 -</u>

shown above:

Cash in State Treasury and petty cash are not required to be reported in the note disclosure. However, to aid in reconciling amounts reported on the balance sheet to amounts reported in this note, list below any cash in treasury and petty cash that are included on the balance sheet.

Cash in State Treasury	\$ <u>                  </u>
Petty cash	\$ <u>500</u>

2. INVESTMENTS N/A

The Commission does maintain investment accounts as authorized by La. R.S. 33:2955.

Custodial Credit Risk



STATE OF LOUISIANA  
LOUISIANA RECREATIONAL AND USED MOTOR VEHICLE COMMISSION  
Notes to the Financial Statement  
As of and for the year ended June 30, 2006

<u>Rating</u>	<u>Fair Value</u>
	\$
Total	\$

B. Interest rate Risk N/A

1. Disclose the interest rate risk of debt investments by listing the investment type, total fair value, and breakdown of maturity in years for each debt investment type.

<u>Type of Debt Investment</u>	<u>Investment Maturities (in Years)</u>				
	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>Greater Than 10</u>
U.S. Government obligations	\$	\$	\$	\$	\$
U.S. Agency obligations					
U.S. Treasury obligations					
Mortgage backed securities					
Collateralized mortgage obligations					
Corporate bonds					
Other bonds					
Mutual funds					
Other					
Total debt investments	\$	\$	\$	\$	\$

2. List the fair value and terms of any debt investments that are highly sensitive to changes in interest rates due to the terms of the investment (e.g. coupon multipliers, reset dates, etc.):

<u>Debt Investment</u>	<u>Fair Value</u>	<u>Terms</u>
	\$	
Total	\$	

C. Concentration of Credit Risk N/A

List, by amount and issuer, investments in any one issuer (not including U.S. government securities, mutual funds, and external investment pools) that represents 5% or more of total investments.

STATE OF LOUISIANA  
LOUISIANA RECREATIONAL AND USED MOTOR VEHICLE COMMISSION  
Notes to the Financial Statement  
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<u>Issuer</u>	<u>Amount</u>	<u>% of Total Investments</u>
_____	\$ _____	_____
_____	_____	_____
_____	_____	_____
Total	\$ _____	_____

D. Foreign Currency Risk N/A

Disclose the U.S. dollar balances of any deposits or investments that are exposed to foreign currency risk (deposits or investments denominated in foreign currencies); list by currency denomination and investment type, if applicable.

<u>Foreign Currency</u>	<u>Fair Value in U.S. Dollars</u>	
	<u>Bonds</u>	<u>Stocks</u>
_____	\$ _____	\$ _____
_____	_____	_____
_____	_____	_____
Total	\$ _____	\$ _____

5. Policies N/A

Briefly describe the deposit and/or investment policies related to the custodial credit risk, credit risk of debt investments, concentration of credit risk, interest rate risk, and foreign currency risk disclosed in this note. If no policy exists concerning the risks disclosed, please state that fact.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

6. Other Disclosures Required for Investments N/A

- a. Investments in pools managed by other governments or mutual funds \_\_\_\_\_
- b. Securities underlying reverse repurchase agreements \_\_\_\_\_
- c. Unrealized investment losses \_\_\_\_\_
- d. Commitments as of \_\_\_\_\_ (fiscal close), to resell securities under yield maintenance repurchase agreements:
  1. Carrying amount and market value at June 30 of securities to be resold \_\_\_\_\_
  2. Description of the terms of the agreement \_\_\_\_\_

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Notes to the Financial Statement  
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- e. Losses during the year due to default by counterparties to deposit or investment transactions \_\_\_\_\_
- f. Amounts recovered from prior-period losses which are not shown separately on the balance sheet \_\_\_\_\_

Legal or Contractual Provisions for Reverse Repurchase Agreements

- g. Source of legal or contractual authorization for use of reverse repurchase agreements \_\_\_\_\_
- h. Significant violations of legal or contractual provisions for reverse repurchase agreements that occurred during the year \_\_\_\_\_

Reverse Repurchase Agreements as of Year-End

- i. Credit risk related to the reverse repurchase agreements (other than yield maintenance agreements) outstanding at year end, that is, the aggregate amount of reverse repurchase agreement obligations including accrued interest compared to aggregate market value of the securities underlying those agreements including interest \_\_\_\_\_
- j. Commitments on \_\_\_\_\_ (fiscal close) to repurchase securities under yield maintenance agreements \_\_\_\_\_
- k. Market value on \_\_\_\_\_ (fiscal close) of the securities to be repurchased \_\_\_\_\_
- l. Description of the terms of the agreements to repurchase \_\_\_\_\_
- m. Losses recognized during the year due to default by counterparties to reverse repurchase agreements \_\_\_\_\_
- n. Amounts recovered from prior-period losses which are not separately shown on the operating statement \_\_\_\_\_

Fair Value Disclosures

- o. Methods and significant assumptions used to estimate fair value of investments, if fair value is not based on quoted market prices \_\_\_\_\_
- p. Basis for determining which investments, if any, are reported at amortized cost \_\_\_\_\_
- q. For investments in external investment pools that are not SEC-registered, a brief description of any regulatory oversight for the pool \_\_\_\_\_
- r. Whether the fair value of your investment in the external investment pool is the same as the value of the pool shares \_\_\_\_\_
- s. Any involuntary participation in an external investment pool \_\_\_\_\_



**STATE OF LOUISIANA**  
**LOUISIANA RECREATIONAL AND USED MOTOR VEHICLE COMMISSION**  
**Notes to the Financial Statement**  
**As of and for the year ended June 30, 2006**

t. If you are unable to obtain information from a pool sponsor to determine the fair value of your investment in the pool, methods used and significant assumptions made in determining fair value and the reasons for having had to make such an estimate \_\_\_\_\_

u. Any income from investments associated with one fund that is assigned to another fund \_\_\_\_\_

**D. CAPITAL ASSETS – INCLUDING CAPITAL LEASE ASSETS**

The fixed assets used in the Special Purpose Government Engaged only in Business-Type Activities are included on the balance sheet of the entity and are capitalized at cost. Depreciation of all exhaustible fixed assets used by the entity is charged as an expense against operations. Accumulated depreciation is reported on the balance sheet. Depreciation for financial reporting purposes is computed by the straight-line method over the useful lives of the assets.

Year ended June 30, 2006						
	Balance 6/30/2005	Prior Period Adjustment	Adjusted Balance 7/1/2005	Additions	Transfers*	Retirements
						Balance 6/30/2006
<b>Capital assets not being depreciated</b>						
Land	\$ 50,000	\$	\$ 50,000	\$	\$	\$ 50,000
Non-depreciable land improvements			--			--
Capitalized collections			--			--
Construction in progress			--			--
<b>Total capital assets not being depreciated</b>	<b>\$ 50,000</b>	<b>\$ --</b>	<b>\$ 50,000</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 50,000</b>
<b>Other capital assets</b>						
Autos and equipment	\$ 239,134	\$	\$ 239,134	\$ 112,362	\$	\$ (29,384)
Less accumulated depreciation	(163,459)		(163,459)	(93,254)		29,384
Total autos and equipment	75,675	--	75,675	19,108	--	--
Buildings and improvements	182,488		182,488			182,488
Less accumulated depreciation	(56,965)		(56,965)	(5,230)		(62,195)
Total buildings and improvements	125,523	--	125,523	(5,230)	--	120,293
Depreciable land improvements			--			--
Less accumulated depreciation			--			--
Total depreciable land improvements	--	--	--	--	--	--
Parking lot	23,000		23,000	(575)		22,425
Less accumulated depreciation	(9,200)		(9,200)			(9,200)
Total parking lot	13,800	--	13,800	(575)	--	13,225
<b>Total other capital assets</b>	<b>\$ 214,997</b>	<b>\$ --</b>	<b>\$ 214,997</b>	<b>\$ 13,303</b>	<b>\$ --</b>	<b>\$ 228,300</b>
<b>Capital Asset Summary:</b>						
Capital assets not being depreciated	\$ 50,000	\$ --	\$ 50,000	\$ --	\$ --	\$ 50,000
Other capital assets, at cost	444,622	--	444,622	111,787	--	(29,384)
Total cost of capital assets	494,622	--	494,622	111,787	--	(29,384)
Less accumulated depreciation	(229,625)	--	(229,625)	(98,484)	--	29,384
<b>Capital assets, net</b>	<b>\$ 264,997</b>	<b>\$ --</b>	<b>\$ 264,997</b>	<b>\$ 13,303</b>	<b>\$ --</b>	<b>\$ 278,300</b>

\* Should be used only for those completed projects coming out of construction-in-progress to fixed assets; not associated with transfers reported elsewhere in this packet.

**STATE OF LOUISIANA**  
**LOUISIANA RECREATIONAL AND USED MOTOR VEHICLE COMMISSION**  
**Notes to the Financial Statement**  
**As of and for the year ended June 30, 2006**

**E. INVENTORIES N/A**

The BTA's inventories are valued at \_\_\_\_\_ (method of valuation). These are perpetual inventories and are expensed when used. **NOTE: DO NOT INCLUDE POSTAGE. THIS IS SHOWN AS A PREPAYMENT.**

**F. RESTRICTED ASSETS N/A**

Restricted assets in the \_\_\_\_\_ (BTA) at \_\_\_\_\_ (fiscal year end), reflected at \$ \_\_\_\_\_ in the non-current assets section on Statement A, consisting of \$ \_\_\_\_\_ in cash with fiscal agent, \$ \_\_\_\_\_ in receivables, and \$ \_\_\_\_\_ investment in \_\_\_\_\_ (identify the type of investments held.) State the purpose of the restrictions: \_\_\_\_\_.

**G. LEAVE**

**1. COMPENSATED ABSENCES**

The Board has the following policy on annual and sick leave:

Employees of the Board earn and accumulate annual and sick leave at various rates depending on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. Upon retirement, unused vacation leave in excess of 300 hours plus unused sick leave is used to compute retirement benefits.

The liability for these compensated absences is recorded as long-term debt in the proprietary fund statements. The current portion of this debt can not be estimated and accordingly, it is reported as a noncurrent liability.

**2. COMPENSATORY LEAVE**

Employees who are considered having non-exempt status according to the guidelines contained in the Fair Labor Standards Act may be paid for compensatory leave earned (K-time). Upon termination or transfer, an employee will be paid for any time and one-half compensatory leave earned and may or may not be paid for any straight hour-for-hour compensatory leave earned. This pay is based on the employee's hourly rate of pay at the time of termination or transfer. There was no accrued compensatory leave time at June 30, 2006.

**H. RETIREMENT SYSTEM**

Substantially all of the employees of the Board are members of the Louisiana State Employees Retirement System (LASERS), a cost sharing, and multiple-employer defined benefit public employee system (PERS) controlled and administered by a separate board of trustees.

All full-time employees are eligible to participate in the System. Benefits vest with ten years of service. At retirement age, employees are entitled to annual benefits equal to \$300 plus 2.5% of their highest consecutive 36 months' average salary multiplied by their years of credited service.

Vested employees are entitled to a retirement benefit, payable monthly for life at (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. In addition, these vested employees have the option of reduced benefits at any age with 20 years of service. The System also provides death and disability benefits. Benefits are established or amended by state statute. The System issues a publicly available annual financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana State

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Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0608 or (800) 256-3000.

Members are required by state statute to contribute at 7.5% of gross salary. The Board is required to contribute at an actuarially determined rate as required by R.S. 11:102. The contribution rate for the fiscal year ended June 30, 2006, increased to 17.8% of annual covered payroll from the 15.8% and 14.1% required in fiscal years ended June 30, 2005 and 2004 respectively. The Board contributions to the System for the years ending June 30, 2006, 2005, and 2004, were \$135,074, \$124,027, and \$93,647, respectively, equal to the required contributions for each year.

**I. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS**

Substantially all of the Commission's employees become eligible for post employment health care, dental and life insurance benefits if they reach normal retirement age while working for the Commission. These benefits include jointly payment of monthly premiums for which the Commission includes its portion as an expenditure in the year paid. The Commission currently has four retired persons participating at a cost to the Commission of \$14,816.72.

**J. LEASES**

**NOTE:** Where five-year amounts are requested, list the total amount (sum) for the five-year period, not the annual amount for each of the five years.)

**1. OPERATING LEASES**

The total payments for operating leases during fiscal year 2006 amounted to \$140,69. (Note: If lease payments extend past FY 2021, create additional columns and report these future minimum lease payments in five year increments.) A schedule of payments for operating leases follows:

<u>Nature of lease</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012- 2016</u>	<u>FY 2017- 2021</u>
Copier	\$ 4,853	\$	\$	\$	\$	\$	\$
Total	\$ 4,853	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**2. CAPITAL LEASES N/A**

Capital leases are / are not recognized in the accompanying financial statements. The amounts to be accrued for capital leases and the disclosures required for capital and operating leases by National Council on Governmental Accounting (NCGA) Statement No. 5, as adopted by the Governmental Accounting Standards Board, and FASB 13 should be reported on the following schedules:

Capital leases are defined as an arrangement in which any one of the following conditions apply: (1) ownership transfers by the end of the lease, (2) the lease contains a bargain purchase option, (3) the lease term is 75% of the asset life or, (4) the discounted minimum lease payments are 90% of the fair market value of the asset.

Schedule A should be used to report all capital leases including new leases in effect as of 6/30/06. In Schedule B, report only those new leases entered into during fiscal year 2005-2006.

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SCHEDULE A – TOTAL AGENCY CAPITAL LEASES EXCEPT LEAF

<u>Nature of lease</u>	<u>Gross Amount of Leased Asset (Historical Costs)</u>	<u>Remaining interest to end of lease</u>	<u>Remaining principal to end of lease</u>
a. Office space	\$ _____	\$ _____	\$ _____
b. Equipment	_____	_____	_____
c. Land	_____	_____	_____
Total	\$ _____	\$ _____	\$ _____

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the minimum lease payments as of (last day of your fiscal year) and a breakdown of yearly principal and interest: **(Note: If lease payments extend past FY2026, create additional rows and report these future minimum lease payments in five year increments.)**

<u>Year ending June 30 :</u>	<u>Total</u>
2007	\$ _____
2008	_____
2009	_____
2010	_____
2011	_____
2012-2016	_____
2017-2021	_____
2022-2026	_____
Total minimum lease payments	_____
Less amounts representing executory costs	_____
Net minimum lease payments	_____
Less amounts representing interest	_____
Present value of net minimum lease payments	\$ _____

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SCHEDULE B – NEW AGENCY CAPITAL LEASES EXCEPT LEAF

<u>Nature of lease</u>	<u>Gross Amount of Leased Asset (Historical Costs)</u>	<u>Remaining interest to end of lease</u>	<u>Remaining principal to end of lease</u>
a. Office space	\$ _____	\$ _____	\$ _____
b. Equipment	_____	_____	_____
c. Land	_____	_____	_____
Total	\$ _____ -	\$ _____ -	\$ _____ -

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of (last day of your fiscal year) and a breakdown of yearly principal and interest: **(Note: If lease payments extend past FY2026, create additional rows and report these future minimum lease payments in five year increments.)**

<u>Year ending June 30:</u>	<u>Total</u>
2007	\$ _____
2008	_____
2009	_____
2010	_____
2011	_____
2012-2016	_____
2017-2021	_____
2022-2026	_____
Total minimum lease payments	_____ -
Less amounts representing executory costs	_____
Net minimum lease payments	_____ -
Less amounts representing interest	_____
Present value of net minimum lease payments	\$ _____ -

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SCHEDULE C – LEAF CAPITAL LEASES

<u>Nature of lease</u>	<u>Gross Amount of Leased Asset (Historical Costs)</u>	<u>Remaining interest to end of lease</u>	<u>Remaining principal to end of lease</u>
a. Office space	\$ _____	\$ _____	\$ _____
b. Equipment	_____	_____	_____
c. Land	_____	_____	_____
Total	\$ _____ -	\$ _____ -	\$ _____ -

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of (last day of your fiscal year) and a breakdown of yearly principal and interest: **(Note: If lease payments extend past FY2026, create additional rows and report these future minimum lease payments in five year increments.)**

<u>Year ending June 30:</u>	<u>Total</u>
2007	\$ _____
2008	_____
2009	_____
2010	_____
2011	_____
2012-2016	_____
2017-2021	_____
2022-2026	_____
Total minimum lease payments	_____ -
Less amounts representing executory costs	_____
Net minimum lease payments	_____ -
Less amounts representing interest	_____
Present value of net minimum lease payments	\$ _____ -

3. LESSOR DIRECT FINANCING LEASES N/A

A lease is classified as a direct financing lease (1) when any one of the four capitalization criteria used to define a capital lease for the lessee is met and (2) when both the following criteria are satisfied:

Collectibility of the minimum lease payments is reasonably predictable.

No important uncertainties surround the amount of the unreimbursable costs yet to be incurred by the lessor under the lease.

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Provide a general description of the direct financing agreement and complete the chart below:

<u>Composition of lease</u>	<u>Date of lease</u>	<u>Minimum lease payment receivable</u>	<u>Remaining interest to end of lease</u>	<u>Remaining principal to end of lease</u>
a. Office space	_____	\$ _____	\$ _____	\$ _____
b. Equipment	_____	_____	_____	_____
c. Land	_____	_____	_____	_____
Less amounts representing executory costs		_____		
Minimum lease payment receivable		-		
Less allowance for doubtful accounts		_____		
Net minimum lease payments receivable		-		
Less estimated residual value of leased property		_____		
Less unearned income		_____		
Net investment in direct financing lease		\$ _____		

Minimum lease payment receivables do not include contingent rentals which may be received as stipulated in the lease contracts. Contingent rental payments occur if, for example, the use of the equipment, land, or building etc., exceeds a certain level of activity each year. Contingent rentals received for fiscal year 2006 were \$\_\_\_\_\_ for office space, \$\_\_\_\_\_ for equipment, and \$\_\_\_\_\_ for land.

The following is a schedule by year of minimum leases receivable for the remaining fiscal years of the lease as of \_\_\_\_\_ (the last day of your fiscal year): **(Note: If lease receivables extend past FY2026, please create additional rows and report these future minimum lease payment receivables in five year increments.)**

Year ending _____:	
2007	\$ _____
2008	_____
2009	_____
2010	_____
2011	_____
2012-2016	_____
2017-2021	_____
2022-2026	_____
Total	\$ _____

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**4. LESSOR – OPERATING LEASE N/A**

When a lease agreement does not satisfy at least one of the four criteria (common to both lessee and lessor accounting), and both of the criteria for a lessor (collectibility and no uncertain reimbursable costs), the lease is classified as an operating lease. In an operating lease, there is no simulated sale and the lessor simply records rent revenues as they become measurable and available.

Provide the cost and carrying amount, if different, of property on lease or held for lease organized by major class of property and the amount of accumulated depreciation as of \_\_\_\_\_ 20\_\_\_\_:

	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Carrying amount</u>
a. Office space	\$ _____	\$ _____	\$ _____
b. Equipment	_____	_____	_____
c. Land	_____	_____	_____
Total	\$ _____	\$ _____	\$ _____

The following is a schedule by years of minimum future rentals receivable on non-cancelable operating lease(s) as of \_\_\_\_\_ (the last day of your fiscal year): **(Note: If lease receivables extend past FY2021, please create additional columns and report these future minimum lease payment receivables in five year increments.)**

Year Ended June 30,	Office Space	Equipment	Land	Other	Total
2007	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
2008					-
2009					-
2010					-
2011					-
2012-2016					-
2017-2021					-
Total	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____

Current year lease revenues received in fiscal year \_\_\_\_\_ totaled \$\_\_\_\_\_.

Contingent rentals received from operating leases received for your fiscal year was \$\_\_\_\_\_ for office space, \$\_\_\_\_\_ for equipment, and \$\_\_\_\_\_ for land.



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**K. LONG-TERM LIABILITIES**

The following is a summary of long-term debt transactions of the entity for the year ended June 30, 2006:  
 (Balances at June 30<sup>th</sup> should include current and non-current portion of long-term liabilities.)

	Year ended June 30, 2006			Balance June 30, 2006	Amounts due within one year
	Balance June 30, 2005	Additions	Reductions		
<b>Notes and bonds payable:</b>					
Notes payable	\$	\$	\$	\$ --	\$
Reimbursement contracts payable				--	
Bonds payable				--	
Total notes and bonds	--	--	--	--	--
<b>Other liabilities:</b>					
Contracts payable				--	
Compensated absences payable	79,120	6,827		85,947	
Capital lease obligations				--	
Claims and litigation				--	
Liabilities payable from restricted assets				--	
Other long-term liabilities				--	
Total other liabilities	79,120	6,827	--	85,947	--
Total long-term liabilities	\$ 79,120	\$ 6,827	\$ --	\$ 85,947	\$ --

(Send OSRAP a copy of the amortization schedule for any new debt issued.)

**L. CONTINGENT LIABILITIES N/A**

GAAP require that the notes to the financial statements disclose any situation where there is at least a reasonable possibility that assets have been impaired or that a liability has been incurred along with the dollar amount if it can reasonably be estimated. **Do not report-impaired capital assets as defined by GASB 42 below, rather disclose GASB 42 impaired capital assets in Note CC.** Losses or ending litigation that is probable should be reflected on the balance sheet.

The Board is a defendant in litigation seeking damages as follows: (Only list litigation not being handled by the Office of Risk Management or the Attorney General.)

Date of Action	Description of Litigation and Probable outcome (Remote, reasonably possible, or probable)	*Damages Claimed	Insurance Coverage
		\$	\$
Totals		\$ -	\$ -

\*Note: Liability for claims and judgments should include should include specific, incremental claim expenses if known or if it can be estimated. For example, the cost of outside legal assistance on a particular claim may be an incremental cost, whereas assistance from internal legal staff on a claim may

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not be incremental because the salary costs for internal staff normally will be incurred regardless of the claim. (See GASB 30, paragraph 9)

Claims and litigation costs of \$\_\_\_\_\_ (include incremental cost discussed above) were incurred in the current year and are reflected in the accompanying financial statement.

Disclose any cases where it is probable that a liability has been incurred, but the effect of the liability has not been reflected in the financial statements because it can not be estimated. \_\_\_\_\_

Disclose any guarantee of indebtedness even if there is only a remote chance that the government will be called on to honor its guarantee. \_\_\_\_\_

**M. RELATED PARTY TRANSACTIONS**

There were no related party transactions during the year.

**N. ACCOUNTING CHANGES N/A**

Accounting changes made during the year involved a change in accounting \_\_\_\_\_ (principle, estimate or entity). The effect of the change is being shown in \_\_\_\_\_.

**O. IN-KIND CONTRIBUTIONS N/A**

List all in-kind contributions that are not included in the accompanying financial statements.

<u>In-Kind Contributions</u>	<u>Cost/Estimated Cost/Fair Market Value/As Determined by the Grantor</u>
_____	\$ _____
_____	_____
_____	_____
_____	_____
_____	_____
Total	\$ _____

**P. DEFEASED ISSUES N/A**

In \_\_\_\_\_, 20\_\_\_\_, the \_\_\_\_\_ (BTA), issued \$\_\_\_\_\_ of taxable bonds. The purpose of the issue was to provide monies to advance refund portions of \_\_\_\_\_ bonds. In order to refund the bonds, portions of the proceeds of the new issue \$\_\_\_\_\_, plus an additional \$\_\_\_\_\_ of sinking fund monies together with certain other funds and/or securities, were deposited and held in an escrow fund created pursuant to an escrow deposit agreement dated \_\_\_\_\_ between the (BTA) and the escrow trustee. The amount in the escrow, together with interest earnings, will be used to pay the principal, redemption

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premium, and interest when due. The refunding resulted in reducing the total debt service payments by almost \$ \_\_\_\_\_ and gave the (BTA) an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$ \_\_\_\_\_.

**Q. COOPERATIVE ENDEAVORS N/A**

LRS 33:9022 defines cooperative endeavors as any form of economic development assistance between and among the state of Louisiana, its local governmental subdivisions, political corporations, public benefit corporations, the United States government or its agencies, or any public or private association, corporation, or individual. The term cooperative endeavor includes cooperative financing, cooperative development, or any form of cooperative economic development activity. The state of Louisiana has entered into cooperative endeavor agreements with certain entities aimed at developing the economy of the state.

Some cooperative endeavor contracts are not coded with a document type of "COP" on the Contract Financial Management Subsystem (CFMS), but are considered cooperative endeavors. Include these below with your cooperative endeavor contracts coded with a document type of "COP". Examples of contracts that are considered cooperative endeavors, but are not coded with a document type of "COP" include contracts that fall under delegated authority, Facility Planning and Control "CEA" contracts, certain federal government contracts, contracts that legislative auditors may have designated as such within your agency, work incumbent programs, etc. In prior years, this information was requested as supplemental documentation after the AFRs were submitted, usually in October or November.

The liability outstanding for fiscal year ending June 30, 2006, by funding source, is as follows:

<u>Funding Source</u>	<u>Balance</u> <u>June 30, 2006</u>
State General Fund	\$ _____
Self-generated revenue	_____
Statutorily dedicated revenue	_____
General obligation bonds	_____
Federal funds	_____
Interagency transfers	_____
Other funds/combination	_____
Total	\$ _____

NOTE: Amounts in excess of contract limits **cannot** be used to reduce the outstanding contract balance at June 30, 2006. For example, if a contract specifies a percentage of usage for each month (25%) and usage exceeds that percentage (75%), you cannot claim actual usage that exceeds contract requirements (50%).

NOTE: In order to compute ending balances by funding source, you should begin with your balances at June 30, 2005. These amounts will be increased by amounts for new contracts and amendments and decreased for payments and liquidations.

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R. GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS (GRANTS) N/A

The following government-mandated nonexchange transactions (grants) were received during fiscal year 2005-2006:

CFDA Number	Program Name	State Match Percentage	Total Amount of Grant
			\$
Total government-mandated nonexchange transactions (grants)			\$

S. VIOLATIONS OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS N/A

At June 30, 20\_\_, the \_\_\_\_\_ (BTA) was not in compliance with the provisions of \_\_\_\_\_ Bond Reserve Covenant that requires \_\_\_\_\_. The \_\_\_\_\_ (BTA) did \_\_\_\_\_ to correct this deficiency.

T. SHORT-TERM DEBT N/A

The \_\_\_\_\_ (BTA) issues short-term notes for the following purpose(s) \_\_\_\_\_

Short-term debt activity for the year ended June 30, 20\_\_, was as follows:

List the type of Short-term debt (e.g., tax anticipation notes)	Beginning Balance	Issued	Redeemed	Ending Balance
	\$	\$	\$	\$ -

The \_\_\_\_\_ (BTA) uses a revolving line of credit for the following to finance \_\_\_\_\_ (list purpose for the S-T debt).

Short-term debt activity for the year ended June 30, 20\_\_, was as follows:

	Beginning Balance	Draws	Redeemed	Ending Balance
Line of credit	\$	\$	\$	\$ -

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**U. DISAGGREGATION OF RECEIVABLE BALANCES**

Receivables at June 30, 2006, were as follows:

Fund	Customer Receivables	Taxes	Receivables from other Governments	Other Receivables	Total Receivables
Enterprise	\$ 96,809.00	\$ -	\$ -	\$ 2,267.00	\$ 99,076.00
					-
Gross receivables	\$ 96,809.00	\$ -	\$ -	\$ 2,267.00	\$ 99,076.00
Less allowance for uncollectible accounts	-	-	-	-	-
Receivables, net	\$ 96,809.00	\$ -	\$ -	\$ 2,267.00	\$ 99,076.00
Amounts not scheduled for collection during the subsequent year	\$ -	\$ -	\$ -	\$ -	\$ -

**V. DISAGGREGATION OF PAYABLE BALANCES**

Payables at June 30, 2006, were as follows:

Fund	Vendors	Salaries and Benefits	Accrued Interest	Other Payables	Total Payables
Enterprise	\$ 9,312	\$ 17,923	\$ -	\$ 42,272	\$ 69,507
					-
Total payables	\$ 9,312	\$ 17,923	\$ -	\$ 42,272	\$ 69,507

**W. SUBSEQUENT EVENTS**

There were no events between the close of the year through issuance of this report that would materially impact these financial statements.

**X. SEGMENT INFORMATION N/A**

Governments that report enterprise funds or that use enterprise fund accounting and reporting standards to report their activities are required to present segment information for those activities in the notes to the financial statements. For purposes of this disclosure, a segment is an identifiable activity (or group of activities), reported as or within an enterprise fund or another stand-alone entity that has one or more bonds or other debt instruments outstanding, with a revenue stream pledged in support of that debt. In addition, the activity's revenues, expenses, gains and losses, assets, and liabilities are required to be accounted for separately. This requirement for separate accounting applies if imposed by an external party, such as accounting and reporting requirements set forth in bond indentures. Disclosure requirements for each segment should be met by identifying the types of goods and services provided and by presenting condensed financial statements in the notes, including the elements in A through C below (GASB 34, paragraph 122, as modified by GASB 37, paragraph 17.)

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Type of goods or services provided by the segment \_\_\_\_\_.

**A. Condensed balance sheet:**

- (1) Total assets – distinguishing between current assets, capital assets, and other assets. Amounts receivable from other funds or BTA's should be reported separately.
- (2) Total liabilities – distinguishing between current and long-term amounts. Amounts payable to other funds or BTA's should be reported separately.
- (3) Total net assets – distinguishing among restricted (separately reporting expendable and nonexpendable components); unrestricted; and amounts invested in capital assets, net of related debt.

**Condensed Balance sheet:**

	<u>Segment #1</u>	<u>Segment #2</u>
Current assets	\$ _____	\$ _____
Due from other funds	_____	_____
Capital assets	_____	_____
Other assets	_____	_____
Current liabilities	_____	_____
Due to other funds	_____	_____
Long-term liabilities	_____	_____
Restricted net assets	_____	_____
Unrestricted net assets	_____	_____
Invested in capital assets, net of related debt	_____	_____

**B. Condensed statement of revenues, expenses, and changes in net assets:**

- (1) Operating revenues (by major source).
- (2) Operating expenses. Depreciation (including any amortization) should be identified separately.
- (3) Operating income (loss).
- (4) Nonoperating revenues (expenses) – with separate reporting of major revenues and expenses.
- (5) Capital contributions and additions to permanent and term endowments.
- (6) Special and extraordinary items.
- (7) Transfers
- (8) Change in net assets.
- (9) Beginning net assets.
- (10) Ending net assets.

**Condensed Statement of Revenues, Expenses, and Changes in Net Assets:**

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	<u>Segment #1</u>	<u>Segment #2</u>
Operating revenues	\$ _____	\$ _____
Operating expenses	_____	_____
Depreciation and amortization	_____	_____
Operating income (loss)	_____ -	_____ -
Nonoperating revenues (expenses)	_____	_____
Capital contributions/additions to permanent and term endowments	_____	_____
Special and extraordinary items	_____	_____
Transfers in	_____	_____
Transfers out	_____	_____
Change in net assets	_____ -	_____ -
Beginning net assets	_____	_____
Ending net assets	_____ -	_____ -

C. Condensed statement of cash flows:

- (1) Net cash provided (used) by:
  - (a) Operating activities
  - (b) Noncapital financing activities
  - (c) Capital and related financing activities
  - (d) Investing activities
- (2) Beginning cash and cash equivalent balances
- (3) Ending cash and cash equivalent balances

Condensed Statement of Cash Flows:

	<u>Segment #1</u>	<u>Segment #2</u>
Net cash provided (used) by operating activities	\$ _____	\$ _____
Net cash provided (used) by noncapital financing activities	_____	_____
Net cash provided (used) by capital and related financing activities	_____	_____
Net cash provided (used) by investing activities	_____	_____
Beginning cash and cash equivalent balances	_____	_____
Ending cash and cash equivalent balances	_____ -	_____ -

Y. DUE TO/DUE FROM AND TRANSFERS N/A

1. List by fund type the amounts due from other funds detailed by individual fund at fiscal year end:  
(Types of funds include general fund, statutory dedicated funds, discrete component unit funds, etc).

<u>Type of Fund</u>	<u>Name of Fund</u>	<u>Amount</u>
_____	_____	\$ _____
_____	_____	_____
_____	_____	_____
Total due from other funds		\$ _____

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2. List by fund type the amounts due to other funds detailed by individual fund at fiscal year end:

<u>Type of Fund</u>	<u>Name of Fund</u>	<u>Amount</u>
_____	_____	\$ _____
_____	_____	_____
_____	_____	_____
Total due to other funds		\$ _____

3. List by fund type all transfers from other funds for the fiscal year:

<u>Type of Fund</u>	<u>Name of Fund</u>	<u>Amount</u>
_____	_____	\$ _____
_____	_____	_____
_____	_____	_____
Total transfers from other funds		\$ _____

4. List by fund type all transfers to other funds for the fiscal year:

<u>Type of Fund</u>	<u>Name of Fund</u>	<u>Amount</u>
_____	_____	\$ _____
_____	_____	_____
_____	_____	_____
Total transfers to other funds		\$ _____

**Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS N/A**

Liabilities payable from restricted assets in the \_\_\_\_\_ (BTA) at \_\_\_\_\_ (fiscal year end), reflected at \$ \_\_\_\_\_ in the current liabilities section on Statement A, consist of \$ \_\_\_\_\_ in accounts payable, \$ \_\_\_\_\_ in notes payable, and \$ \_\_\_\_\_ in \_\_\_\_\_.

Liabilities payable from restricted assets in the \_\_\_\_\_ (BTA) at \_\_\_\_\_ (fiscal year end), reflected at \$ \_\_\_\_\_ in the non-current liabilities section on Statement A, consist of \$ \_\_\_\_\_ in accounts payable, \$ \_\_\_\_\_ in notes payable, and \$ \_\_\_\_\_ in \_\_\_\_\_.

**AA. PRIOR-YEAR RESTATEMENT OF NET ASSETS N/A**

The following adjustments were made to restate beginning net assets for June 30, 20\_\_\_\_.  
Each adjustment must be explained in detail on a separate sheet.

<u>Ending net assets</u> <u>July 1, 2005,</u> <u>previously reported</u>	<u>Adjustments</u> <u>+ or (-)</u>	<u>Beginning net</u> <u>assets, July 1, 2005,</u> <u>as restated</u>
_____	\$ _____	\$ _____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

(NOTE: Net Assets at July 1, 20\_\_\_\_, previously reported, must correspond to Net Assets at June 30, 20\_\_\_\_, per the information received from OSRAP.)

**BB. NET ASSETS RESTRICTED BY ENABLING LEGISLATION (GASB STATEMENT 46) N/A**

Of the total net assets reported on Statement A at June 30, 20\_\_\_\_, \$ \_\_\_\_\_ are restricted by enabling legislation (which includes a legally enforceable requirement that the resources be used only for the specific purposes stipulated in the legislation). Refer to Appendix C for more details on the determination of the amount to be reported as required by GASB Statement 46.



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**CC. IMPAIRMENT OF CAPITAL ASSETS N/A**

GASB 42 establishes accounting and financial reporting standards for the impairment of capital assets. Governments are required to evaluate prominent events or changes in circumstances affecting capital assets to determine whether impairment has occurred. A capital asset generally should be considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstance is outside the normal life cycle of the capital asset. **See Appendix D for more information on GASB 42 and the Impairment of Capital Assets.**

The following capital assets are considered impaired: (There are five indicators of impairment described in Appendix D, (1) physical damage, (2) enactment of laws, etc. List the appropriate number (1-5) to identify the indicator of impairment in the second to last column below.)

<u>Type of asset</u>	<u>Amount of Impairment Loss</u>	<u>Indication of Impairment</u>	<u>Insurance Recovery in the same FY</u>	<u>Reason for Impairment (e.g. hurricane)</u>
Buildings				
Movable Property				
Infrastructure				

The carrying amount of impaired capital assets that are idle at year-end should be disclosed, regardless of whether the impairment is considered permanent or temporary. The following capital assets were idle at the end of the fiscal year. (Include the capital assets listed above that were idle at the end of the fiscal year.)

<u>Type of asset</u>	<u>Carrying Value</u>
Buildings	\$ _____
Movable Property	\$ _____
Infrastructure	\$ _____

**DD. EMPLOYEE TERMINATION BENEFITS N/A**

Termination benefits are benefits, other than salaries and wages that are provided by employers as settlement for involuntary terminations initiated by management, or as an incentive for voluntary terminations initiated by employees. Involuntary termination benefits include benefits such as payment for unused leave balances. Voluntary termination benefits include benefits such as enhanced early retirement options resulting from an approved early retirement plan and payment for unused leave balances. Other termination benefits may include:

1. Early retirement incentives, such as cash payments, enhancement to defined benefit formula
2. Health care coverage when none would otherwise be provided (COBRA)
3. Compensated absences, including payments for leave balances
4. Payments due to early release from employment contracts

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GASB 47 requires the following disclosures about an employer's accounting for employee termination benefits.

1. A description of the termination benefit arrangement(s)
2. Period the employer becomes obligated
3. Number of employees affected
4. Cost of termination benefits
5. Type of benefit(s) provided
6. The period of time over which the benefits are expected to be provided
7. If the termination benefit affects the defined benefit pension (OPEB) obligations, disclose the change in the actuarial accrued liability for the pension or OPEB plan attributable to the termination benefit
8. When termination liabilities are reported, disclose the significant methods and assumptions used to determine the liabilities to be disclosed (for as long as the liability is reported)

**The GASB 47 note disclosures listed below are provided as an example and should be modified as necessary.**

Substantially all employees are eligible for termination benefits upon separation from the state. The agency recognizes the cost of providing these benefits as expenditures when paid during the year. For 2006, the cost of providing those benefits for \_\_\_\_\_ (number of) voluntary terminations totaled \$\_\_\_\_\_. For 2006, the cost of providing those benefits for \_\_\_\_\_ (number of) involuntary terminations totaled \$\_\_\_\_\_. [The termination benefits (voluntary and involuntary) paid in FY 2006 should also be included in the Statement of Revenues, Expenses, and Changes in Fund Net Assets on the account line "Administrative" in the Operating Expense Section.]

The liability for the accrued voluntary terminations benefits payable at June 30, \_\_\_\_\_ is \$\_\_\_\_\_. This liability consists of \_\_\_\_\_ (number of) voluntary terminations. The liability for the accrued involuntary terminations benefits payable at June 30, \_\_\_\_\_ is \$\_\_\_\_\_. This liability consists of \_\_\_\_\_ (number of) involuntary terminations.

[The termination benefits (voluntary and involuntary) payable at fiscal year end should also be included on the Balance Sheet in the "compensated absences payable" account line.]

If a termination benefit is not recognized because the expected benefits are not estimable, the employer should disclose that fact. Briefly describe termination benefits provided to employees as discussed above. If none, please state that fact.

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A terminated employee can continue to access health benefits, however, if the COBRA participant is paying the ENTIRE premium then there is no state contribution on behalf of this individual. Therefore, when a terminated employee pays 100% of the premium, the state would not have a termination liability.

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**SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS**  
**For the Year Ended June 30, 2006**  
**(Fiscal Close)**

<u>Name</u>	<u>Amount</u>
<u>Brakefield, Johnny</u>	<u>\$ 750</u>
<u>Courville, Phillip</u>	<u>450</u>
<u>Frederick, Julia</u>	<u>750</u>
<u>Gable, Aaron</u>	<u>600</u>
<u>Graham, Scott</u>	<u>375</u>
<u>Guitrau, Darryl</u>	<u>300</u>
<u>Hudson, Vanessa</u>	<u>750</u>
<u>Olave, Steve</u>	<u>600</u>
<u>Prestridge, Richard</u>	<u>675</u>
<u>Richard, Chester</u>	<u>600</u>
<u>Roberts, Michael (waived)</u>	<u>0</u>
<u>Robinson, Glen</u>	<u>750</u>
<u>Smith, Henry</u>	<u>750</u>
	<u>\$ 7,350</u>

Note: The per diem payments are authorized by Louisiana Revised Statute, and are presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Legislature.

STATE OF LOUISIANA

LOUISIANA RECREATIONAL AND USED MOTOR VEHICLE COMMISSION

COMPARISON FIGURES

To assist OSRAP in determining the reason for the change in financial position for the State, please complete the schedule below. If the change is greater than \$1 million, explain the reason for the change.

	<u>2006</u>	<u>2005</u>	<u>Difference</u>	<u>Percentage Change</u>
1) Revenues	\$ <u>1,380,306.87</u>	\$ <u>1,232,062.40</u>	\$ <u>148,244.27</u>	\$ <u>.12%</u>
Expenses	<u>1,420,303.78</u>	<u>1,498,026.85</u>	<u>77,723.07</u>	<u>.05%</u>
2) Capital assets	<u>278,300.42</u>	<u>264,997.09</u>	<u>13,303.33</u>	<u>.05%</u>
Long-term debt	<u>85,946.91</u>	<u>79,120.22</u>	<u>6,826.69</u>	<u>.09%</u>
Net Assets	<u>1,477,995.01</u>	<u>1,436,176.29</u>	<u>41,818.72</u>	<u>.03%</u>
Explanation for change:	<u></u>			
	<u></u>			
	<u></u>			
	<u></u>			